

AR52



**Annual Report
and Accounts
1974**

**Chairman's Statement
Directors' Report and
Accounts for the Year
ended 30 September 1974**



MEPC Limited

Board of directors

Chairman

Sir Henry Johnson KBE

Deputy Chairman

A Kennedy Kisch MA

Managing

Peter Anker FRICS FRI

Deputy Managing

Maxwell Creasey FRICS

R H Sheppard FRICS

W E Philp FRICS

J C Hawkes FRICS

The Hon Angus Ogilvy

R G Dashwood MA FRICS

The Hon Jacob Rothschild

Jack W Hughes BSc (EST MAN) FRICS

Sir Don Ryder

D J Davies MA

C J Benson FRICS

A L Crowe FCA

Secretary and registered office

A L Crowe FCA

Brook House 113 Park Lane

London W1Y 4AY

Auditors

Thomson McLintock & Co

Chartered Accountants

70 Finsbury Pavement

London EC2A 1SX

Registrars and transfer office

Barclays Bank (London and International) Limited

Registration Department

Radbroke Hall

Knutsford

Cheshire WA16 9EU

Bankers

Barclays Bank Limited

Lloyds Bank Limited

Midland Bank Limited

National Westminster Bank Limited

Group Information

Regional Offices in the United Kingdom

City Office

Forum House 15-18 Lime Street London EC3M 7AB
Manager: Ray Penney ARICS

Midlands Regional Office

Metropolitan House 1 Hagley Road
Birmingham B16 8TG
Manager: Roger Carey ARICS

North Western Regional Office

12 St. Anns Square Manchester M2 7HS
Manager: Ted Merrony ARICS

South London Office

22 Park Street Croydon CR9 3HQ
Manager: John Lewis BSC FRICS

Southern Regional Office

23a New Street Salisbury SP1 2PH
Manager: Stuart Bingham FRICS

Surrey Regional Office

98-110 High Street Guildford GU1 3HE
Manager: Paul Waldoock ARICS

Western Regional Office

73 Queen Square Bristol BS1 4JP
Manager: Michael Milligan ARICS

Yorkshire Regional Office

CMA House Park Place Leeds LS1 2HP
Manager: Peter Johnston ARICS

Overseas Offices

Belgium

Immobilia SA
400 Avenue Louise
Brussels 1050
Manager: John Addelsee ARICS

France

MEPC SA
Maison de Suede
125 Avenue des Champs-Élysées Paris
Manager: Didier Croix

Germany

MEPC Munich Limited
Bau-ueberwachungsburo München
D8 München 80
Maria Theresia Strasse 26
West Germany
Manager: Hugh Cantlie ARICS

Ireland

MEPC Ireland Limited
3 Fade Street Dublin 2
Manager: Wing-Commander Frank Squire DSO DFC

Australia

MEPC Australia Limited

Head Office

41 McLaren Street P.O. Box 653
North Sydney 2060
Managing Director: Michael Billingham BSC FRICS

Branch Office

Melbourne
424 St. Kilda Road
Melbourne 3004
Manager: J. A. Austin

Canada

MEPC Canadian Properties Limited

Head Office

1027 Yonge Street Toronto Ontario M4W 3E8
President: Ray Greiner FRI

Branch Offices

Calgary
Suite 502, 239, 8th Avenue SW
Calgary Alberta
Manager: Ted Prete FRI

Edmonton
Suite 1402, 10025 Jasper Avenue
Edmonton Alberta T5J 1S6
Manager: Austin Evans FCA

Halifax
6009 Quinpool Road
Halifax Nova Scotia
Manager: Ted Cunningham

Montreal
Suite 310, 1470 Peel Street
Montreal PQ
Manager: Philip Ronchetti

Ottawa
Suite 500, 267 O'Connor Street
Ottawa Ontario K2P 1V3
Manager: Cam Campbell

Quebec City
710 Place d'Youville
Quebec City Quebec
Manager: Jean Larose

Toronto
Suite 401, 1250 Bay Street
Toronto Ontario
Manager: John Slidders FRI

Vancouver
1200 West Pender Street
Vancouver 5 BC
Manager: Robert Lee FRI

Victoria
Suite 620, 880 Douglas Street
Victoria, BC V8W 2B7
Manager: John Hayes FRI

Winnipeg
Room 303, 310 Broadway
Winnipeg Manitoba R3C 0S6
Manager: Bill Steele FRI

U.S.A.

MEPC American Properties Inc

Head Office

United American Building
1 East Wacker Drive
Chicago Illinois 60601
Vice-Presidents: James Tuckey ARICS & Paul Scott BSC MBA

Hawaii

MEPC Hawaii Limited
Suite 2345
Pacific Trade Center
190 South King Street
Honolulu Hawaii 96813
Manager: Peter Wood

Zambia

London County Properties of Africa Limited
P.O. Box 43 136 Lumumba Avenue Mufulira
Zambia
Managing Director: George Davis

Notice of Meeting

Notice is hereby given that the annual general meeting of the company will be held at The Dorchester Hotel (Orchid Room), Park Lane, London W1, on Tuesday, 31 December 1974 at 12 noon for the following purposes:

Ordinary business

- 1 To receive and adopt the directors' report and accounts as at 30 September 1974.
- 2 To declare a final dividend on the ordinary share capital.
- 3 To re-elect directors:
 - (1) The Hon Jacob Rothschild
 - (2) Mr Jack W Hughes
 - (3) Mr M R Creasey
 - (4) Sir Henry Johnson
 - (5) Mr C J Benson
 - (6) Mr A L Crowe
- 4 To authorise the directors to fix the remuneration of the auditors.

By Order of the Board
A L Crowe *Secretary*
London W1Y 4AY
5 December 1974

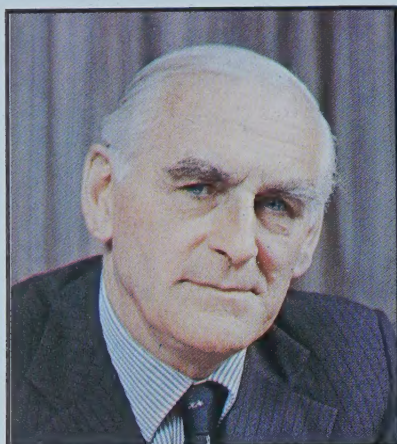
Notes:

- 1 These accounts are sent to preference, debenture and loan stockholders for information only. They are not entitled to attend or vote, either in person or by proxy, at the meeting.
- 2 A member of the company who is entitled to attend and vote may appoint a proxy or proxies to attend and, on a poll, to vote in his stead. Forms of proxy must be signed by the appointor and deposited at the transfer office not less than 48 hours before the meeting. A proxy need not be a member of the company.
- 3 There will be available for inspection at Brook House, 113 Park Lane, London W1Y 4AY during usual business hours on any weekday (Saturdays and public holidays excepted) from the date of this notice to and including the annual general meeting:
 - a A statement of transactions of the directors (and of their family interests) in the ordinary share capital of the company and of its subsidiaries during the twelve months to 5 November 1974.
 - b Copies of the contracts of service or memoranda of the terms whereunder directors of the company are employed by the company or any subsidiary.



Erskine House, York Street, Sydney, Australia.

Chairman's Statement



Sir Henry Johnson, KBE *Chairman*

My most important message this year to shareholders who have followed the fortunes of the property industry with growing concern is that MEPC remains a soundly based Company. You will see the Consolidated Balance Sheet remains strong and we possess a first-class portfolio of property around the world.

During the financial year ended 30th September, 1974, your Company had to cope with many problems, most of which were the direct result of action by Government against the property industry. I would mention in particular the rent freeze which cost us over £2 million and the substantial increases in taxation, some actual, some still threatened. These items, coupled with a complete lack of business confidence created a fall in the value of certain properties throughout the United Kingdom and affected our anticipated trading profits. Other problems, such as high interest rates and rising costs, which were not, of course, peculiar to the property industry, have added to our difficulties. However, I am satisfied that the various problems were tackled with good professional judgement and enthusiasm as soon as they arose.

Profits

The profits for the year to 30th September, 1974, before tax, were £14.1 million compared with £14.8 million in the previous year. This represents a fall of 4% and was due mainly, as already stated, to continuing controls on commercial rents in conjunction with increased interest rates and other costs. The effective taxation rate, including adjustments for the year to 30th September, 1974, was 57% compared with 39% for the previous year. As a result, earnings after tax on the ordinary share capital amount to 4.73p per share compared with 8.01p per share last year. Out of these earnings, your Board proposes to pay a final dividend of 2.75p per share making total dividends for the year 4.00p per share, the same as last year. But dividends do, of course, carry a higher tax credit for the shareholder.

Finance

Despite generally adverse conditions and lack of confidence in the property industry, your Company has succeeded in arranging substantial long and medium term finance during the past year as required principally for the development programme both in this country and abroad. A large part of this finance is undrawn or unutilised including a standby facility of US \$36 million available for drawing in any currency at any time up to 1982 and the proceeds of the Euroco Bond issue equivalent to approximately £10 million.

Your Company has continued its programme for the sale of dry properties and scattered or ageing properties which involve a management burden. I am pleased to report that during the past year over £12 million worth of these properties have been sold and negotiations are actively in hand for the sale of another £8 million.

Valuations

In each of the years 1972 and 1973, we valued approximately one third of the Company's investment portfolio and incorporated the increase over book value into the balance sheet. This year, we have valued the final third, which includes the Group's investment properties in Ireland. In addition, because of the changes in property values since September, 1973, your Directors also instructed Knight, Frank & Rutley and Jones, Lang, Wootton jointly to review a representative sample of 1972 and 1973 valuations.

Because of the present uncertainty in the property market, Knight, Frank & Rutley and Jones, Lang, Wootton felt it prudent to qualify their valuation. Your Board accordingly decided not to incorporate the results of the 1974 valuation into this year's accounts. I can, however, report that the valuation of this third tranche indicated an up-lift of over £27 million.

The sample review of the two previous years' valuations of the investment portfolio indicate an overall fall in value of some £52 million. Therefore the Group's investment portfolio has an indicated value of approximately £25 million less than the book value. Allowing for this reduction, the diluted net asset value is in the order of 233p per share compared with a current price of only a fraction of that amount.

Developments

Two years ago our Annual Report included details of our world-wide development programme which had put MEPC into the forefront of the development orientated property companies. Since then many of the properties have been completed and, for the most part, substantially let, and so contribute to the Group's income. Other projects are still in the course of construction, and obviously will not contribute any income until they are completed.

It became evident during the past year that certain development schemes in the United Kingdom were no longer attractive owing to inflated building costs, high interest rates, changes in taxation and, in particular, costly delays in receiving planning consents. This necessitated a complete reappraisal of the development programme. Whilst we shall complete projects already under construction, certain schemes will be deferred for the time being, and in other cases we shall refurbish or renovate the existing buildings rather than undertake a major redevelopment.

In present circumstances, it is unlikely that your Company will initiate new schemes in the United Kingdom and it must be regretted that property companies, including MEPC, will not be improving our towns and cities where people still have to work, shop and live. The proposed nationalisation of land will not, in my opinion, enable more or better development to be carried out.

Canada

Our Canadian subsidiary is in a particularly strong financial position and its results during the past financial year have been most satisfactory. Our net earnings have risen from 32 cents per share to 40 cents per share.

During the past year, our subsidiary was able to arrange \$32 million of conventional long term mortgage and debenture finance.

The introduction earlier in the year of the Ontario Land Transfer Act has not helped MEPC's operations in that Province. Fortunately, we have had constructive discussions with the Ontario Government Officials and it is hoped that because of the substantial Canadian shareholdings in our subsidiary, we may be able to obtain partial, if not full, exemption from many of the unfavourable parts of this legislation.

We have a first-class portfolio of property across the country which is increasing in value, and we also have a very active development operation outside Ontario.

Chairman's Statement

Australia

We have two problems to sort out in Australia at the present time. One is Exchange Centre and the other Middle Harbour Investments Limited. Mainline Corporation Limited, who were the main contractors on the Exchange Centre Development, were one of the casualties of the recent economic problems in Australia. Their collapse necessitated the renegotiation of the main contract, the outcome of which is not yet settled. In the meantime, construction has been maintained under the direction of our own professional staff.

Middle Harbour Investments Limited, a housing development company operating in the Sydney area and in which MEPC owns 35% of the equity capital, has like many other Australian house builders, run into liquidity problems during the past year. I am hopeful, however, that recent changes of policy by the Australian Government will bring back stability to the housing market and that Middle Harbour will continue to contribute to the Group's profit.

It should be noted that the total Australian portfolio represents only 8% of the Group assets and the problems referred to above should be considered against the background of our other investments in Australia which are comprised of sound income producing commercial and industrial properties in prime locations. Several United Kingdom investors have recently withdrawn from the Australian market but we have no such present intention.

United States

Following on the experience of North American conditions that has been gained by our successful Canadian company, your Board has decided upon a modest investment in the United States and a company has been formed with two-thirds of the equity owned by MEPC and one-third by MEPC Canada. An office has been opened in Chicago and our first investments include a commercial estate in Minneapolis and two industrial properties in Chicago. Long term funds have already been raised and allocated for our initial programme in the USA. It will be our policy to grow carefully in the United States along the lines of our Canadian company, by concentrating on the acquisition of completed investments and leasebacks.

Hawaii

The shopping centre and apartment project known as "Discovery Bay" is now wholly owned by MEPC. A new fixed price building contract has been awarded to the Hawaiian based group, Pacific Construction Limited, and as already reported, construction finance and long term funding have been arranged.

Early in 1974, arrangements were made to purchase the Kahala Hilton Hotel in Honolulu, one of the outstanding hotels in the Pacific. The return on this investment, which has also been funded long term, has been excellent and far exceeds expectations.

Ireland

Construction continues on the new shopping centre at Dun Laoghaire. Although a large scheme for the Republic of Ireland, interest in the project from prospective tenants is encouraging and we await its early completion. As already mentioned, the revaluation of our Irish properties indicated a satisfactory uplift and our overall investment in the Republic, although small, has undoubtedly been successful. We continue to modernise and update portions of the Dublin City Market property in which there is great potential.

Europe

France

During the year, we opened our own office in Paris and in January completed negotiations to acquire a property at 125 Avenue des Champs-Elysees. This property, called the Maison de Suede is located within 400 yards of the Arc de Triomphe. Next year we expect to commence extensive renovation to convert the entire premises into modern office accommodation. The project is financed by a French Franc loan on a favourable fixed rate basis.



Mr Peter Anker, FRICS, FRI
Managing Director

Belgium

We have established an office in Brussels to provide direct supervision of our major investment in Manhattan Center together with an adjacent project, Galeries Place Rogier, which was acquired during the year.

Germany

Work has started on our office project at Niederrad in Frankfurt and progress to date is satisfactory. It is being financed through medium term, Deutschemark loan facilities. In Munich we expect to receive final planning consent for our Bahnhof development within the next month or so and construction should start on this major shopping and commercial development in May, 1975. Again we have opened our own office in Munich to supervise our developments in West Germany.

Housing

Two years ago, MEPC established its own house-building organisation, operating in the south of England and this activity was expanded by the acquisition, in 1973, of 51% of the share capital of J. Sanders & Sons (Holdings) Limited an old-established house-building company. The remaining 49% of the share capital was acquired in 1974. Residential development is only a small part of our total activity but I am glad to report that Sanders contributed satisfactorily to the Group profits. Conditions in the housing industry have, however, made it necessary to slow down the building programme and several schemes will be delayed.

Management

During the year, Christopher Benson was elected to the Board as Development Director. Before joining MEPC, he was an Assistant Managing Director of The Law Land Company and, because of his international experience, is now responsible for our European operations as well as our development programme.

Our Company Secretary, Alan Crowe, was also appointed a Director. He joined the Company in 1953 and continues to hold the position of Company Secretary.

I am certain that the shareholders will endorse my appreciation to all members of the staff for their hard work during the past year with all its frustrations and difficulties.

The Future

Under this heading I wrote last year "I believe that we can look forward with confidence based on the quality of the property in the portfolio, the potential in our development programme and the experience and professional skill of the management team." Whilst these words still represent my overall belief in the Company's future prospect, I think the financial year we have now entered will be difficult. Property companies cannot be insulated from the financial and economic climate of the country as a whole, the seriousness of which is all too apparent.

In a changing world there is a constant need for reassessment and our entry into Europe, the United States and now Iran is evidence of our readiness to take advantage of new opportunities.

MEPC can and will sustain its sound portfolio and Peter Anker and his team have the necessary skill and determination to ensure that your Company stays in the forefront of the property industry.

HENRY JOHNSON

Chairman

Report of the Directors for the year ended 30 September 1974

To be presented to the annual general meeting of the company at The Dorchester Hotel (Orchid Room), Park Lane, London, W1, on 31 December 1974.

	£'000	£'000
Financial results and dividends		
Net revenue before deducting taxation		14,137
Taxation		8,068
Net revenue after taxation		6,069
Revenue attributable to minority interests in subsidiaries		556
		5,513
Appropriation for depreciation on overseas properties		473
		5,040
Dividends paid or payable for the year		
Preference		68
Ordinary		
Interim 1.25 pence per share paid 1 July 1974		
on £25,737,798 ordinary capital	1,287	
Proposed final 2.75 pence per share payable 10 January 1975 on		
£26,290,923 ordinary capital	2,892	4,179
Revenue retained		793

Activities

The business of the group is property investment and development and dealing, with the exception of minor subsidiary companies which were acquired in connection with property transactions.

Issues of share capital

1,762,742 Ordinary Shares were issued on 6 March 1974 to the holders of 5% Convertible Unsecured Loan Stock 1989/1994 upon the exercise of the conversion rights attaching to £2,283,456 of such Stock

2,212,500 Ordinary Shares were issued on 30 July 1974 in exchange for the remaining 49% of the issued share capital of J. Sanders & Sons (Holdings) Limited following the acquisition of 51% of the issued share capital of that company on 29 June 1973.

Property valuation

In accordance with Group policy, the third tranche of the revaluation of United Kingdom investment properties together with the investment properties in Ireland were revalued at 30 September 1974 by Knight, Frank & Rutley and Jones, Lang, Wootton. Because of the uncertainties in the property market, the valuers expressed an opinion subject to qualification in certain respects. In addition, the valuers carried out a review by sample of the earlier tranches and the combined effect of valuation and review indicates that the property investment portfolio may have a current value in the order of 5% below the value appearing in the balance sheet.

The directors are of the opinion that the properties held for, or in the course of development, have a present value (by reference to value at completion) of not less than the figure at which they appear in the accounts.

Directors

- The names of the directors of the Company are set out on page 2.
- Mr C J Benson FRICS and Mr A L Crowe FCA who were appointed directors on 15 January 1974 retire from the Board in accordance with the provisions of the Articles of Association and, being eligible, offer themselves for re-election
- The Hon Jacob Rothschild, Mr J W Hughes BSC (Est Man) FRICS, Mr M R Creasey FRICS and Sir Henry Johnson KBE retire by rotation in accordance with the provisions of the Articles of Association and offer themselves for re-election.
- Mr Bernard Dufton retired at the conclusion of the 1973 annual general meeting.

Directors' interests in shares and loan stocks of the group

The interests of the directors in shares and loan stocks of the company and its subsidiaries are set out below. They include such family interests as are required to be disclosed by the Companies Act, 1967. There has not been any change in these interests between 30 September 1974 and 5 November 1974 being one month prior to the issue of these accounts.

MEPC Limited

	notes	ordinary	pref stock	4% deb stock 1996	5½% deb stock 1984/ 89	9¾% deb stock 1997/ 2002	8% unsec loan stock 2000/5	5% conv unsec loan stock 1989/94
Sir Henry Johnson	a	1,000	—	—	—	—	—	—
	b	1,000	—	—	—	—	—	—
A Kennedy Kisch	a	42,580	—	—	—	—	—	£110,000
	b	174,563	—	—	—	—	—	£95,779
P A Anker	a	29,643	—	—	—	—	—	£900
	b	27,363	—	—	—	—	—	£900
P A Anker (non-beneficial holding)	a	347	—	—	—	—	—	—
	b	347	—	—	—	—	—	—
M R Creasey	a	22,184	—	—	—	—	—	—
	b	22,184	—	—	—	—	—	—
R H Sheppard	a	53,249	£500	£1,000	£1,000	—	—	£1,000
	b	53,249	£500	£1,000	£1,000	—	—	£1,000
W E Philp	a	13,512	—	—	£1,200	£2,000	—	£600
	b	13,512	—	—	—	—	—	£600
J C Hawkes	a	105,593	—	—	—	—	—	£6,375
	b	105,593	—	—	—	—	—	£6,375
J C Hawkes (non-beneficial holding)	a	1,500	—	—	—	—	—	—
	b	1,500	—	—	—	—	—	—
The Hon Angus Ogilvy	a	1,000	—	—	—	—	—	—
	b	—	—	—	—	—	—	—
The Hon Angus Ogilvy (non-beneficial holding)	a	2,000	—	—	—	—	—	—
	b	2,000	—	—	—	—	—	—
R G Dashwood	a	37,362	—	—	—	—	—	£8,055
	b	37,362	—	—	—	—	—	£8,055
The Hon Jacob Rothschild	a	—	—	—	—	—	—	—
	b	—	—	—	—	—	—	—
J W Hughes (non-beneficial holding)	a	1,766	—	—	—	—	—	—
	b	1,766	—	—	—	—	—	—
Sir Don Ryder	a	—	—	—	—	—	—	—
	b	—	—	—	—	—	—	—
D J Davies	a	—	—	—	—	—	—	—
	b	—	—	—	—	—	—	—
C J Benson	a	475,000	—	—	—	—	—	—
	b	475,000	—	—	—	—	—	—
A L Crowe	a	14,879	—	—	—	—	—	—
	b	14,879	—	—	—	—	—	—

MEPC Canadian Properties Limited

		common shares of no par value	preference shares \$25 each	6¾% first mortgage bonds 1982	8% sinking fund debs 1991
Sir Henry Johnson	a	350	—	—	—
	b	350	—	—	—
P A Anker	a	6,150	—	\$6,000	\$3,000
	b	6,150	250	\$6,000	\$3,000
R H Sheppard	a	125	—	—	—
	b	125	—	—	—
The Hon Angus Ogilvy	a	50	—	—	—
	b	50	—	—	—

Notes on directors' interests:

a at 30 September 1974.

b at 1 October, 1973 (or later date of appointment as director).

Contracts

No director had during the year any material beneficial interest in any contract of significance to the group's business.

Report of the Directors

Employees and remuneration

The average number of persons employed by the group in the United Kingdom during the year ended 30 September 1974 was 781 and the aggregate remuneration payable for the year was £1,716,000.

Charitable contributions

Contributions for charitable and similar purposes amounted to £18,500. The company did not make any contributions for political purposes.

Auditors

The auditors, Thomson McLintock & Co have indicated their willingness to continue in office and a resolution will be proposed at the forthcoming annual general meeting concerning their remuneration.

Income and Corporation Taxes Act, 1970

The company is not a close company for the purposes of the Income and Corporation Taxes Act 1970. For the purposes of capital gains tax the values of the company's ordinary shares, preference stock and securities as at 6 April 1965 are set out below. These values have been adjusted for events subsequent to 6 April 1965 including the acquisitions of The Metropolitan Railway Surplus Lands Company Limited (MRSL), The London County Freehold and Leasehold Properties Limited (LCF) and the 1 for 10 scrip issue on 22 December 1969.

	per share
	£
Ordinary shares held on 6 April 1965	0.4432
Ordinary shares issued:	
<i>a</i> in exchange for:	
MRSL shares held on 6 April 1965	0.9389
LCF ordinary stock held on 6 April 1965	0.5564
<i>b</i> following conversion of 5% convertible unsecured loan stock 1989/94 issued in exchange for LCF ordinary stock held on 6 April 1965	0.6061
3.15% (formerly 4½%) preference stock held on 6 April 1965	0.6250
	per £100 nominal
	£
Debenture stocks	
4% First mortgage debenture stock 1996 held on 6 April 1965	63.000
5¾% First mortgage debenture stock 1984/89 held on 6 April 1965	85.000
Loan stocks	
8% Unsecured loan stock 2000/5 issued in exchange for:	
MRSL shares held on 6 April 1965	94.534
LCF ordinary stock held on 6 April 1965	41.100
LCF preference stock held on 6 April 1965	81.944
5% Convertible unsecured loan stock 1989/94 issued in exchange for LCF ordinary stock held on 6 April 1965	46.790

By Order of the Board
A L Crowe *Secretary*
5 December 1974

Group Revenue Account for the year ended 30 September 1974

	notes	1974 £'000	1973 £'000
Gross rental income and other revenue	2	47,230	38,773
Property outgoings and other charges	3	13,903 <u>33,327</u>	9,556 <u>29,217</u>
Interest payable	5	28,049 <u>5,278</u>	18,554 <u>10,663</u>
Transfer of an amount equivalent to interest and other outgoings applicable to properties held for or in course of development		8,937 <u>14,215</u>	3,680 <u>14,343</u>
Share of results of associated companies		<u>—78</u>	<u>520</u>
Net revenue before taxation	6	14,137	14,863
Taxation	7	<u>8,068</u>	<u>5,826</u>
Net revenue for the year		6,069	9,037
Minority shareholders interests		556 <u>5,513</u>	439 <u>8,598</u>
Dividend on preference shares	8	<u>68</u>	<u>83</u>
Net revenue attributable to ordinary shareholders		5,445	8,515
Appropriation for depreciation on overseas properties		473 <u>4,972</u>	411 <u>8,104</u>
Dividends on ordinary shares	8	<u>4,179</u>	<u>4,043</u>
Revenue retained	9	<u>793</u>	<u>4,061</u>
Earnings per ordinary share	10	4·73p	8·01p
Earnings per ordinary share diluted	10	4·29p	6·72p
Dividends per ordinary share		4·00p	4·00p

The notes on pages 16 to 27 inclusive form part of these accounts.

Group Balance Sheet as at 30 September 1974

		1974	1973
	notes	£'000	£'000
Assets employed			
Investment properties at valuations or cost	11	606,563	555,191
Depreciation and amortisation	12	1,594	555
		<hr/>	<hr/>
		604,969	554,636
Other fixed assets	13	28,592	45,057
		<hr/>	<hr/>
		633,561	599,693
Interest in subsidiary companies not consolidated	15	1,368	3,248
Associated companies	16	6,885	6,104
Current assets	17	77,627	46,397
		<hr/>	<hr/>
		719,441	655,442
		<hr/>	<hr/>
Financed by			
Share capital	18	28,459	27,465
Capital reserves	19	247,608	255,515
Revenue reserves	20	9,745	9,073
		<hr/>	<hr/>
		285,812	292,053
Loan capital	21	353,137	286,969
Minority shareholders		28,587	26,293
Deferred taxation		4,102	2,836
Provisions	22	513	396
Current liabilities	23	47,290	46,895
		<hr/>	<hr/>
		719,441	655,442
		<hr/>	<hr/>

The notes on pages 16 to 27 inclusive form part of these accounts.

Henry Johnson }
Peter A Anker } *Directors.*

Balance Sheet as at 30 September 1974

		1974	1973
	notes	£'000	£'000
Assets employed			
Investment properties at valuations or cost	11	190,694	188,857
Depreciation and amortisation	12	207	132
		<hr/>	<hr/>
		190,487	188,725
Other fixed assets	13	5,483	5,639
		<hr/>	<hr/>
		195,970	194,364
Interest in subsidiary companies	15	153,031	129,292
Associated companies	16	3,506	3,361
Current assets	17	19,204	18,938
		<hr/>	<hr/>
		371,711	345,955
		<hr/>	<hr/>
Financed by			
Share capital	18	28,459	27,465
Capital reserves	19	161,578	157,178
Revenue reserves	20	4,434	4,399
		<hr/>	<hr/>
		194,471	189,042
Loan capital	21	163,481	133,513
Provisions	22	322	272
Current liabilities	23	13,437	23,128
		<hr/>	<hr/>
		371,711	345,955
		<hr/>	<hr/>

The notes on pages 16 to 27 inclusive form part of these accounts.

Henry Johnson }
Peter A Anker } Directors.

Notes to the Accounts

1 Accounting policies

Basis of consolidation

The group accounts include the audited accounts of the company and all subsidiaries except for those referred to in note 15. In addition the appropriate share of the results of associated companies is included in the group accounts. The net revenue before tax includes the results of subsidiaries acquired during the year from the effective date of acquisition.

Conversion of overseas currencies into sterling.

The assets, liabilities and results of subsidiary companies have been converted into sterling at the approximate rates of exchange ruling on 30 September 1974, which are set out in note 27. Apart from the balance brought forward on revenue reserves, all conversion differences have been taken to capital reserve.

Properties

In 1972 the Board adopted a policy of valuing the portfolio of completed properties using a rolling programme of revaluation whereby the whole portfolio is valued over three years by independent professional valuers. The valuation is on an investment basis having regard to open market values as between a willing buyer and willing seller. Properties held for or in the course of development are included at cost and revalued when completed. Revaluations on this basis were incorporated in the 1972 and 1973 accounts. However, in view of the present uncertainties in the property market the directors are of the opinion that it is inappropriate to incorporate the results of the third tranche revaluation in the balance sheet. (Further information on this decision will be found in the directors' report.)

An amount equivalent to interest and other outgoings less rental income attributable to properties held for or in the course of development is transferred in the group accounts to the cost of properties. A property ceases to be treated as being in course of development when it is substantially let or upon the issue of the architect's certificate of practical completion, whichever is the earlier. Any liability to first letting tax and tax on development gains will be added to the cost of the properties. There is at present no known liability of this nature.

Properties of dealing and housebuilding subsidiaries are valued at the lower of cost, including interest, and net realisable value.

Depreciation and amortisation

No depreciation is charged on freehold properties except for those of the Australian and Canadian subsidiaries which are written off in the accounts of those companies to take advantage of local taxation regulations. The depreciation written off is included as an appropriation of revenue and is not charged against revenue. Amortisation has been provided on leasehold investments having less than 50 years to run by a 3% sinking fund based on book values at 1 October 1973.

Profits on investment properties

In accordance with the Articles of Association of MEPC Limited, profits on the disposal of investment properties are taken to capital reserves and not to revenue account.

Taxation

No provision has been made for tax on capital gains which might become payable if any properties were sold at the amount at which they stand in the accounts. The tax which might arise would, with the exception of one subsidiary (*see note 19*), be chargeable only on that part of the capital gain attributable to the period since the introduction of capital gains tax; in the opinion of the directors it is not practicable to quantify the amount.

Provision is made for deferred taxation arising from depreciation on certain overseas properties being brought in for taxation purposes in years other than those in which depreciation is reflected in the accounts. The deferred taxation is calculated at the appropriate overseas rate of tax.

In the United Kingdom deferred taxation is not material and credit for allowances is taken in the revenue account with the exception of industrial buildings allowances which are taken to the credit of capital reserve.

2 Gross rental income and other revenue

	1974	1973
	£'000	£'000
Gross rental income	35,458	30,072
Dealing profits	923	1,559
Results of housebuilding subsidiaries	723	—
Profit of trading subsidiaries	22	29
Interest from associated companies	637	520
Dividends from quoted investments	153	54
Other interest and dividends	9,314	6,539
	<u>47,230</u>	<u>38,773</u>

The turnover of trading and housebuilding subsidiaries totalled £7,531,000 (£405,000). The results of housebuilding subsidiaries are substantially those of J. Sanders & Sons (Holdings) Limited, which were included for the first time in the group accounts in 1974. Dividends from associated companies amounted to £159,000 (£19,000).

3 Property outgoings and other charges

	1974	1973
	£'000	£'000
Ground rents on leasehold properties	1,941	1,699
Property outgoings, management and administration expenses	10,064	7,286
Amortisation of leasehold properties	382	275
Depreciation of office machinery, equipment and motor cars	147	71
Directors' emoluments (note 4)	261	197
Auditors' remuneration	61	28
Provision for losses on secured loans	1,047	—
	<u>13,903</u>	<u>9,556</u>

4 Emoluments of the directors of the holding company

	1974	1973
	£'000	£'000
Fees	30	27
Emoluments of executive directors	215	154
Pensions to former directors	16	16
	<u>261</u>	<u>197</u>

Particulars of directors' emoluments, excluding pension scheme contributions, in accordance with section 6 of the Companies Act 1967 are as follows:

	1974	1973
	£17,900	£18,550
Emoluments of the chairman	£31,885	£28,950
Emoluments of the highest paid director		
Other directors whose emoluments were in the following ranges		
Up to £2,500	6	6
£2,501-£5,000	1	—
£10,001-£12,500	1	—
£12,501-£15,000	1	1
£15,001-£17,500	2	3
£17,501-£20,000	1	—
£20,001-£22,500	1	1
£25,501-£27,500	1	—

One employee in the United Kingdom was remunerated at an annual rate between £10,001-£12,500.

5 Interest payable

	1974	1973
	£'000	£'000
On debenture and loan stocks not repayable within five years	19,408	14,786
On debenture and loan stocks repayable within five years	8,892	2,670
On bank overdrafts	1,912	1,098
	<u>30,212</u>	<u>18,554</u>
Less: Interest transferred to properties held by dealing and housebuilding subsidiaries	2,163	—
	<u>28,049</u>	<u>18,554</u>

Notes to the Accounts

6 Net revenue before taxation

Contribution from overseas investments to net revenue before taxation is as follows:

	1974 £'000	1973 £'000
Canada	2,344	1,866
Australia & Hawaii	1,334	1,588
Republic of Ireland	332	262
Netherlands and Belgium	191	197
Zambia	45	40

7 Taxation

	1974 £'000	1973 £'000
United Kingdom corporation tax	5,877	4,673
Overseas taxation	617	825
Deferred taxation	1,323	677
Adjustment in respect of prior years	275	—570
	<u>8,092</u>	<u>5,605</u>
Associated companies—MEPC's share	—24	221
	<u>8,068</u>	<u>5,826</u>

United Kingdom corporation tax which has been provided at 52%^(45%) is based on the results of United Kingdom companies for the year. Overseas tax has been provided on the results of overseas subsidiary companies at the appropriate overseas rate of tax.

8 Dividends

	1974 £'000	1973 £'000
Preference	68	83
Ordinary		
Interim (1·25p) paid 1 July 1974	1,287	1,260
Proposed final (2·75p) payable 10 January 1975	<u>2,892</u>	<u>2,783</u>
	<u>4,179</u>	<u>4,043</u>

Following the introduction of the imputation tax system on 1 April 1973 the effective annual coupon rate on the preference shares is 3·15p with the associated tax credit available to shareholders resident in the United Kingdom.

9 Revenue retained

	1974 £'000	1973 £'000
Company	35	2,569
Subsidiaries	971	983
Associated companies	<u>—213</u>	<u>509</u>
	<u>793</u>	<u>4,061</u>

10 Earnings per ordinary share

Earnings per ordinary share have been calculated on an amount of £4,972,000 (£8,104,000) being the net revenue attributable to ordinary shareholders after deducting the amount appropriated for depreciation on overseas properties, and the number of shares in issue at 30 September 1974 of 105,163,694 (101,188,452).

Earnings per ordinary share diluted, based on the net revenue of £4,972,000 (£8,104,000) have been calculated after taking into account the conversion of £51,065,365 (£53,348,821) 5% unsecured loan stock 1989/1994.

11 Properties

	Group				MEPC			
	free- hold £'000	long lease- hold £'000	short lease- hold £'000	total £'000	free- hold £'000	long lease- hold £'000	short lease- hold £'000	total £'000
Balance 1 October 1973								
Valuation	272,244	87,644	10,829	370,717	112,732	53,453	6,735	172,920
Cost	152,350	27,119	5,005	184,474	11,452	4,465	20	15,937
Exchange adjustment	-3,116	+193	—	-2,923	—	—	—	—
Additions during the year at cost	56,703	15,865	1,128	73,696	4,876	1,091	483	6,450
Changes in allocation	+2,879	-3,282	+403	—	+647	-1,153	+506	—
Revaluation adjustments	-141	-941	—	-1,082	-141	-941	—	-1,082
	<u>480,919</u>	<u>126,598</u>	<u>17,365</u>	<u>624,882</u>	<u>129,566</u>	<u>56,915</u>	<u>7,744</u>	<u>194,225</u>
<i>Deduct:</i>								
Disposals	17,595	207	517	18,319	2,972	43	516	3,531
	<u>463,324</u>	<u>126,391</u>	<u>16,848</u>	<u>606,563</u>	<u>126,594</u>	<u>56,872</u>	<u>7,228</u>	<u>190,694</u>
Properties for or in course of development				143,797				
Other				462,766				
				<u>606,563</u>				
Balance 30 September 1974								
Comprising:								
Valuation								
directors in 1969	19,642	6,225	555	26,422	8,613	4,453	80	13,146
professional valuers								
1972	106,912	8,626	1,938	117,476	62,251	1,340	104	63,695
1973	135,929	70,948	8,326	215,203	39,775	45,823	6,541	92,139
Cost	200,841	40,592	6,029	247,462	15,955	5,256	503	21,714
	<u>463,324</u>	<u>126,391</u>	<u>16,848</u>	<u>606,563</u>	<u>126,594</u>	<u>56,872</u>	<u>7,228</u>	<u>190,694</u>

12 Depreciation and amortisation

	Group		MEPC	
	freehold depreciation £'000	leasehold amortisation £'000	freehold depreciation £'000	leasehold amortisation £'000
Balance 1 October 1973	147	408	93	39
Exchange adjustment	—	13	—	—
Charged to revenue account	—	382	—	107
Appropriated out of profits	473	—	—	—
Balances of new subsidiaries	255	—	—	—
	<u>875</u>	<u>803</u>	<u>93</u>	<u>146</u>
<i>Deduct:</i>				
Disposals	47	37	—	32
Balance 30 September 1974	<u>828</u>	<u>766</u>	<u>93</u>	<u>114</u>
		<u>1,594</u>		<u>207</u>

13 Other fixed assets

	Group		MEPC	
	1974 £'000	1973 £'000	1974 £'000	1973 £'000
Secured loans repayable by instalments within five years	21,779	34,871	2,423	2,237
Investment in debenture stocks of the group	895	659	481	536
(market value £678,000 [MEPC: £317,000])				
Investments in quoted securities at cost less provision (market value £2,819,000)	2,260	5,869	—	—
Investments in unquoted securities at cost (directors' value £1,097,000 [MEPC: £1,069,000])	1,147	1,119	1,119	1,119
Capital redemption policies:				
at surrender values	764	699	758	699
at cost	116	99	6	6
Funds for re-investment held by debenture trustees	868	1,219	405	818
Office machinery, equipment and motor cars (note 14)	763	522	291	224
	<u>28,592</u>	<u>45,057</u>	<u>5,483</u>	<u>5,639</u>

The investments in quoted securities include a holding representing 11.9% of the issued ordinary share capital of The Law Land Company Limited.

Notes to the Accounts

14 Office machinery, equipment and motor cars

	Group		MEPC	
	1974	1973	1974	1973
	£'000	£'000	£'000	£'000
Cost 1 October 1973	788	476	349	248
Exchange adjustment	—12	15	—	—
Additions	467	359	129	108
	<u>1,243</u>	<u>850</u>	<u>478</u>	<u>356</u>
<i>Deduct:</i>				
Disposals	91	62	24	7
Cost 30 September 1974	<u>1,152</u>	<u>788</u>	<u>454</u>	<u>349</u>
Depreciation 1 October 1973	266	214	125	97
Exchange adjustment	—	5	—	—
Balances of new subsidiaries	23	1	—	—
Charged to revenue account	147	71	48	31
	<u>436</u>	<u>291</u>	<u>173</u>	<u>128</u>
<i>Deduct:</i>				
Disposals	47	25	10	3
Depreciation 30 September 1974	<u>389</u>	<u>266</u>	<u>163</u>	<u>125</u>
Net book value	<u>763</u>	<u>522</u>	<u>291</u>	<u>224</u>

15 Interest in subsidiary companies

	Group		MEPC	
	1974	1973	1974	1973
	£'000	£'000	£'000	£'000
Shares at cost less amounts written off	1,153	2,564	108,714	97,745
Shares at valuation	—	—	2,046	2,046
	<u>1,153</u>	<u>2,564</u>	<u>110,760</u>	<u>99,791</u>
Amounts due from subsidiaries	243	717	188,004	139,124
	<u>1,396</u>	<u>3,281</u>	<u>298,764</u>	<u>238,915</u>
Amounts due to subsidiaries	28	33	145,733	109,623
	<u>1,368</u>	<u>3,248</u>	<u>153,031</u>	<u>129,292</u>

Principal subsidiaries are set out on pages 30 and 31.

In view of the embargo on remittances to the United Kingdom the group accounts do not include the profits earned by the wholly owned Rhodesian subsidiaries since 1 October 1969 the effective date of acquisition, nor their assets and liabilities except to the extent of the investment of the parent company therein which is as follows:

	£'000
Ordinary shares at cost	646
Loan account	243
	<u>889</u>

Net revenue of the Rhodesian subsidiaries for the year ended 30 September 1974 before taxation amounted to £230,485 and the net revenue after taxation which would otherwise have been included in the group revenue account amounted to £119,978 (£ = \$Rh. 1.34) and cumulative profits since acquisition to £485,223.

The accounts of certain wholly owned subsidiaries have not been included in the group accounts because, in the opinion of the directors, to do so would be of no real value to the members of the parent company in view of the insignificant amounts involved. These companies are as follows:

	Ordinary shares at cost	Amounts due to subsidiaries
	£'000	£'000
Jeffrey, Sons & Company Ltd — in furnishing trade	116	24
John Dyson & Sons Ltd. — in jewellery trade	212	—
R. S. Pearce & Co. Ltd. — in motor trade	179	4
	<u>507</u>	<u>28</u>



Maison de Suede, Champs-Élysées, Paris.

Notes to the Accounts

16 Associated companies

Interests in associated companies are set out below. Shareholdings in associated companies are set out on pages 30 and 31.

	Group		MEPC	
	1974	1973	1974	1973
	£'000	£'000	£'000	£'000
Shares unquoted at cost	164	111	7	8
Advances	6,439	5,485	3,499	3,353
MEPC proportion of revenue reserves	282	508	—	—
	<u>6,885</u>	<u>6,104</u>	<u>3,506</u>	<u>3,361</u>

In the opinion of the directors the current value of the shares held by the group in associated companies is approximately £525,000 in excess of cost.

The accounts of Metrobarn Limited, Middle Harbour Investments Limited, Shaftesbury Land and Building Company Limited and Torminster Properties Limited have been included in the group accounts. Other associated companies are immaterial in the context of the group as a whole.

17 Current assets

	Group		MEPC	
	1974	1973	1974	1973
	£'000	£'000	£'000	£'000
Properties of dealing and housebuilding subsidiaries	29,679	9,415	—	—
Debtors for rents and sundry balances				
less provision for doubtful debts	11,810	11,731	4,556	6,049
Tax reserve certificates	59	—	—	—
Short term deposits	35,596	20,145	14,645	12,888
Bank and cash balances	483	5,106	3	1
	<u>77,627</u>	<u>46,397</u>	<u>19,204</u>	<u>18,938</u>

18 Share capital

	Authorised		Issued	
	1974	1973	1974	1973
	£'000	£'000	£'000	£'000
Ordinary shares of 25p each	45,000	45,000	26,291	25,297
3·15% cumulative preference shares of £1 each	2,500	2,500	2,168	2,168
	<u>47,500</u>	<u>47,500</u>	<u>28,459</u>	<u>27,465</u>

The issued share capital is fully paid.

19 Capital reserves

	Group	MEPC
	£'000	£'000
Balance 1 October 1973	255,515	157,178
Premium on share capital issued	4,000	4,000
Revaluation adjustment	—1,082	—1,082
Exchange adjustment	—3,783	—13
Provision for loss on quoted investments	—4,232	—
Realisation of properties and sundry credits less capital gains tax	2,309	1,808
Changes in composition of the group	—602	—
Taxation allowances	49	37
Capital issue expenses	—656	—350
Goodwill on acquisition written off	—3,910	—
Balance 30 September 1974	<u>247,608</u>	<u>161,578</u>

The balance on the share premium account of MEPC included in capital reserves at 30 September 1974 was £41,495,000 (£37,495,000).

In the event of the sale of the properties of one subsidiary company, tax would be payable on the difference between the cost to the subsidiary and the realised amount. The properties of that subsidiary are included in the group accounts at £22,486,000 in excess of cost.

If any such tax liabilities arose on a sale of the properties it would be the directors' intention to charge these liabilities to capital reserve. A sufficient balance will be retained in the reserve to meet contingent liabilities in respect of such a tax charge and of tax which might arise if any of the other investment properties were to be sold for the amount at which they appear in the balance sheet.



*Top:
Town Houses built at Old Brewery Mews, Hampstead
by MEPC subsidiary J. Sanders & Sons.*

*Bottom:
Adjoining Old Brewery Mews is a Victorian Church
which Sanders has converted into three houses.*

Notes to the Accounts

20 Revenue reserves

	Group	MEPC
	£'000	£'000
Balance 1 October 1973	9,073	4,399
Change in composition of the group	— 74	—
Exchange adjustment	— 47	—
Revenue retained	793	35
Balance 30 September 1974	9,745	4,434

21 Loan capital

	Group		MEPC	
	1974	1973	1974	1973
	£'000	£'000	£'000	£'000
Secured				
MEPC and United Kingdom subsidiaries				
4% First mortgage debenture stock 1996	2,285	2,407	2,285	2,407
5 $\frac{3}{4}$ % First mortgage debenture stock 1984/89	4,691	4,759	4,691	4,759
6 $\frac{5}{8}$ % First mortgage debenture stock 1997/2000	10,476	10,584	10,476	10,584
3 $\frac{3}{4}$ % Debenture stock 1965/78	120	120	—	—
5 $\frac{3}{4}$ % First mortgage debenture stock 1985/90	2,500	2,500	—	—
6 $\frac{1}{2}$ % First mortgage debenture stock 1985/90	500	500	—	—
6 $\frac{1}{2}$ % First mortgage debenture stock 1986/91	1,792	1,826	—	—
6 $\frac{1}{4}$ % First mortgage debenture stock 1986/91	1,783	1,815	—	—
6 $\frac{1}{4}$ % First mortgage debenture stock 1986/95	4,385	4,831	—	—
6% First mortgage debenture stock 1987	950	950	—	—
3 $\frac{1}{4}$ % First mortgage debenture stock	2,762	3,160	—	—
7 $\frac{1}{4}$ % First mortgage debenture stock 1991/95	2,191	2,207	—	—
7 $\frac{3}{4}$ % First mortgage debenture stock 1992/96	2,242	2,306	—	—
First mortgage debenture stock 1992	4,092	4,157	—	—
9 $\frac{3}{4}$ % First mortgage debenture stock 1997/2002	20,000	20,000	20,000	20,000
3% Secured loan 1976	520	—	—	—
*Secured loan 1975	789	—	—	—
*Secured loan 1977	1,896	—	—	—
*Secured loan 1980	1,421	—	—	—
16 $\frac{3}{4}$ % Secured loan 1979	1,000	—	—	—
15 $\frac{1}{2}$ % Secured loan 1977	2,800	—	—	—
13 $\frac{1}{4}$ % Secured loan	15	—	—	—
*Secured loan 1979	25,000	—	25,000	—
*Secured loan 1979	1,613	—	1,613	—
*Secured loan 1979	646	—	646	—
*Secured loan 1979	2,258	—	2,258	—
*Secured loan 1979	2,500	—	2,500	—
Mortgages (note d)	6,818	6,859	5,239	5,250
Overseas subsidiaries				
6 $\frac{3}{4}$ % First mortgage sinking fund bonds 1982	740	818	—	—
5 $\frac{7}{8}$ % First mortgage sinking fund bond 1983	1,030	1,043	—	—
6 $\frac{3}{8}$ % First mortgage sinking fund bonds 1983	177	178	—	—
6 $\frac{3}{8}$ % First mortgage sinking fund bonds 1987	1,040	1,044	—	—
7 $\frac{1}{8}$ % First mortgage sinking fund bonds 1988	764	762	—	—
8% First mortgage sinking fund bonds 1991	1,524	1,515	—	—
8 $\frac{1}{2}$ % First mortgage sinking fund bonds 1991	1,513	1,504	—	—
10 $\frac{1}{2}$ % First mortgage sinking fund bonds 1991	581	584	—	—
8% Sinking fund debentures (series a) 1991	2,729	2,750	—	—
8 $\frac{3}{4}$ % Sinking fund debentures (series b) 1994	4,348	4,167	—	—
9 $\frac{1}{8}$ % Sinking fund debentures (series c) 1995	8,696	8,333	—	—
8 $\frac{1}{2}$ % Secured loan 1976/80	2,375	—	—	—
Mortgages (note d)	51,994	41,455	—	—
Unsecured				
MEPC and United Kingdom subsidiaries				
8% Unsecured loan stock 2000/5	10,230	10,230	10,230	10,230
5% Convertible unsecured loan stock 1989/94 (a)	51,065	53,349	51,065	53,349
6 $\frac{1}{2}$ % Convertible unsecured loan stock 1995/2000 (b)	5,000	5,000	5,000	5,000
7 $\frac{1}{2}$ % Subordinated unsecured loan stock	5,000	5,000	—	—
*Unsecured loans repayable 1975/76	1,305	1,250	1,305	1,250

21 Loan capital—continued

	Group		MEPC	
	1974	1973	1974	1973
	£'000	£'000	£'000	£'000
8% Unsecured loans 1975/78	2,285	—	—	—
*Unsecured Eurodollar loan 1976	14,894	14,583	14,894	14,583
7½% Unsecured loan repayable 1975	2,000	2,000	2,000	2,000
*Unsecured loan repayable 1975	4,279	4,101	4,279	4,101
Overseas subsidiaries				
8¾% Loan 1986	6,383	6,232	—	—
6¾% Sterling/Deutschemark loan 1987 (c)	12,513	13,354	—	—
7% Deutschemark bonds 1973/88	16,129	17,213	—	—
8% Eurodollar loan 1991	10,638	10,387	—	—
6¼% Swiss franc loan 1976	7,273	6,873	—	—
8½% Loan 1980	2,778	3,125	—	—
6% Convertible unsecured loan 1977	400	400	—	—
9% Loan 1977	972	738	—	—
12¼% Unsecured loan 1977	870	—	—	—
8½% Unsecured loan 1980	1,632	—	—	—
8¾% Eurco loan 1988	9,717	—	—	—
*Other 1985/87	2,218	—	—	—
	<u>353,137</u>	<u>286,969</u>	<u>163,481</u>	<u>133,513</u>

*at variable rates of interest.

a The 5% convertible unsecured loan stock 1989/94 is convertible into ordinary shares of the company at £1.2954 per share in any of the years from 1975 to 1988 inclusive.

b The 6½% convertible unsecured loan stock 1995/2000 is convertible into ordinary shares of the company at £3.30 per share in any of the years from 1980/90.

c The 6¾% Sterling/Deutschemark loan 1987 grants an option to the bondholders of payment of principal, premium (if any) and interest in Sterling or Deutschemarks of the Federal Republic of Germany at a fixed rate of 7.7579DM to the £1. As at 30 September 1974 the exchange rate was 6.20 DM to the £1.

d The number of mortgages is such that to give full particulars of the repayment terms and interest rates would, in the opinion of the directors, result in a statement of excessive length. The following summary provides a general indication of these particulars:

	Group		MEPC	
	1974	1973	1974	1973
	£'000	£'000	£'000	£'000
Repayable in full in less than 5 years:				
Interest 4%—5¾%	272	192	64	25
Interest 6%—7¾%	1,162	305	—	—
Interest 8%—9¾%	2,966	1,833	—	—
Repayable in full after more than 5 years but less than 10 years:				
Interest 4%—5¾%	556	532	482	532
Interest 6%—7¾%	1,696	825	207	—
Interest 8%—10¾%	6,511	4,782	4,461	3,686
Repayable in full after more than 10 years:				
Interest 6%—7¾%	15,363	16,146	25	232
Interest 8%—10¾%	30,286	23,699	—	775
	<u>58,812</u>	<u>48,314</u>	<u>5,239</u>	<u>5,250</u>
United Kingdom	6,818	6,859	5,239	5,250
Overseas	51,994	41,455	—	—
	<u>58,812</u>	<u>48,314</u>	<u>5,239</u>	<u>5,250</u>



St. Edmunds House, Bury St. Edmunds. This office development earned for MEPC an architectural award in 1973.

Notes to the Accounts

22 Provisions

Provisions are for repairs, renewals of fixed plant and dilapidations and are as follows:

	Group	MEPC
	£'000	£'000
Balance 1 October 1973	396	272
Charged to revenue account	899	479
	1,295	751
Expenditure (less recovered from tenants)	782	429
Balance 30 September 1974	513	322

Deferred expenditure of £44,000 at 1 October 1973 and £22,000 at 30 September 1974 was set-off against the group provision.

23 Current liabilities

	Group		MEPC	
	1974	1973	1974	1973
	£'000	£'000	£'000	£'000
Bank overdrafts	14,237	16,945	4,023	13,388
Creditors and accrued charges	23,033	17,064	6,312	6,209
Current taxation	7,128	8,843	210	—512
Ordinary dividends	2,892	4,043	2,892	4,043
	47,290	46,895	13,437	23,128

24 MEPC Canadian Properties Limited—share options

At 30 September 1974 share purchase warrants entitling the holders to purchase common shares in MEPC Canadian Properties Limited were outstanding as follows:

exercisable	entitlement	price per share
Before 30 June 1976	69,224 shares	\$3.50
Before 31 October 1976	539,000 shares	\$6.00
Before 31 December 1976	40,000 shares	\$6.67

Executives of MEPC Canadian Properties Limited have other options to purchase 34,000 common shares at \$4.95 per share not later than September 1976, 6,000 common shares at \$6.55 per share not later than September 1977, 93,600 common shares at \$9.00 per share not later than 2 January 1979, 10,400 common shares at \$8.10 per share not later than 31 January 1979 and 6,700 at \$7.42 not later than 4 July 1979.

The total interest of minority shareholders in this subsidiary will be 41% approximately if the rights and options are exercised in full.

25 Capital commitments

Capital commitments for which provision has not been made in these accounts amount to:

	Group		MEPC	
	1974	1973	1974	1973
	£'000	£'000	£'000	£'000
Contracted	73,100	31,700	2,850	5,450
Authorised but not contracted	17,000	282,000	939	31,100
	90,100	313,700	3,789	36,550

26 Contingent liabilities

	Group		MEPC	
	1974	1973	1974	1973
	£'000	£'000	£'000	£'000
Uncalled capital on investments in subsidiary companies	—	—	985	963
Guarantees	1,350	1,350	59,763	50,176
Other	237	—	—	—
	1,587	1,350	60,748	51,139

27 Exchange rates

The rates used for converting the assets, liabilities and results of subsidiary companies are as follows:

		1974	1973
Canada	£1 = \$(Can)	2.30	2.40
U.S.A.	£1 = \$(US)	2.35	2.40
Australia	£1 = \$(A)	1.80	1.60
Zambia	£1 = K	1.49	1.55
Netherlands	£1 = Hfl	6.30	6.10
Belgium	£1 = B.Fr.	92.50	89.00
West Germany	£1 = Dm.	6.20	5.83
France	£1 = F.Fr.	11.10	—

Report of the auditors to the members of MEPC Limited

We have audited the books and records of MEPC Limited for the year ended 30 September 1974. The foregoing accounts have been properly prepared in accordance with the provisions of the Companies Acts, 1948 and 1967. Certain of the subsidiaries and associated companies have been audited by other firms of accountants. As explained in note 1, the directors are of the opinion that it is impracticable to quantify the amount of capital gains tax which might arise if the investment properties were realised at the amounts at which they stand in the accounts.

Subject only to the above reservation, in our opinion these accounts when read in conjunction with the explanation given in the directors' report concerning the valuation of the group's investment portfolio give a true and fair view of the state of affairs of the company, and of the state of affairs and profit of the company and its subsidiaries so far as concerns the members of the company.

Thomson McLintock & Co *Chartered Accountants*

70 Finsbury Pavement, London EC2A 1SX

5 December 1974.

Comparative Information

1965-1974 (in £'000)

Group revenue account

	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965
Gross revenue	47,230	38,773	29,500	27,028	25,496	12,987	8,854	7,509	6,409	5,552
Net revenue before taxation	14,137	14,863	13,578	10,431	9,065	5,692	4,440	3,767	3,325	2,957
Taxation	8,068	5,826	5,458	4,082	3,836	2,535	1,747	1,458	1,566	1,554
Net revenue attributable to ordinary shareholders	5,445	8,515	7,734	5,973	4,896	2,859	2,392	2,070	1,589	1,266
Ordinary dividends	4,179	4,043	5,354	5,092	4,115	2,199	1,877	1,838	1,329	1,035
Dividends per share (note 2)	4·0p	4·0p	5·5p	5·2p	4·2p	2·9p	2·8p	2·7p	2·6p	2·6p

Group balance sheet

Investment properties at valuations or cost	606,563	555,191	352,413	229,645	242,133	152,661	82,912	73,524	66,076	58,332
Loan capital	353,137	286,969	198,711	146,085	135,707	88,594	41,049	34,097	28,879	24,804
Share capital and reserves:										
Ordinary capital	26,291	25,297	25,015	24,246	24,208	16,917	15,319	15,319	15,319	15,319
Preference capital	2,168	2,168	2,168	2,168	2,168	2,168	2,168	2,168	2,168	2,168
Capital reserves	247,608	255,515	149,210	90,121	82,241	66,042	15,416	14,727	14,535	14,004
Revenue reserves	9,745	9,073	4,933	2,867	2,257	1,680	1,154	897	868	771
Total share capital and reserves	285,812	292,053	181,326	119,402	110,874	86,807	34,057	33,111	32,890	32,262

Notes

- 1 Because of the provisions of the Finance Act, 1965, the figures given for 1965 in respect of taxation, revenue available for ordinary dividends and reserves and ordinary dividends are not comparable with later years.
- 2 The dividends per share have been adjusted for scrip issues.
- 3 The increases in the issued ordinary share capital resulted from the following (in £'000):

	1974	1973	1972	1971	1970	1969
Conversion of debentures	441			38	98	508
Scrip issue (1 for 10)					1,692	
Acquisition of subsidiary companies	553	282	675		5,501	1,090
Employees share scheme			94			
	994	282	769	38	7,291	1,598

Principal Subsidiary and Associated Companies

Country of incorporation Name of company	Ordinary capital % held by MEPC Group
United Kingdom	
Principal Subsidiaries	
Cavendish Properties Limited	51
Fairfield Properties Company (Mayfair) Holdings Limited	100
Houldsworth Properties Limited	100
The House and Land Syndicate Limited	100
International Consolidated Investments Limited	100
J. Sanders & Sons (Holdings) Limited	†100
Kings Head Hotel (Darlington) Limited	100*
Kingsley Investment Trust Limited	100
The London County Freehold and Leasehold Properties Limited	100
London County Properties (Developments) Limited	100
London Land and Property Company Limited	100
The Metropolitan Railway Surplus Lands Company Limited	100
The Manchester Commercial Buildings Company Limited	100
MEPC Developments Limited	100
MEPC Finance Limited	100
MEPC Guildford Properties Limited	100
MEPC Housing Limited	100
MEPC Mayfair Properties Limited	100
MEPC Munich Limited	100
MEPC Projects Limited	100
MEPC-Reed Properties Limited	51
MEPC Westminster Properties Limited	100
Oxenford Properties Limited	67
Percy Street Investments Limited	67
Property Development Consortium Limited	95
Threadneedle Property Company Limited	65
T. M. Locke Limited	100*
Town Investments Limited	100
Wesley Estates Limited	100
West Riding House Limited	100
Associates	
Bredwood Investments Limited	27*
County Palatine Developments Limited	27*
Currie Investments Limited	25
MEPC Glasgow Limited	50
Metrobarn Limited	†50
Newton Street Investments Limited	50*
Metrolands-Victoria Investments Limited	50*
Shaftesbury Land & Building Company Limited	50
Torminster Properties Limited	50

*Ordinary capital held in whole or part other than by MEPC Limited.

†The accounts of companies marked † above have been included in the group accounts at accounting dates varying from 30 June 1974 to 31 August 1974.

Country of incorporation Name of company	Ordinary capital % held by MEPC Group
Australia	
Subsidiaries	
MEPC (Holdings) Pty Limited	100
MEPC Australia Limited	94*
Associates	
Middle Harbour Investments Limited	†35*
Belgium	
Immobilia S.A.	94*
S.A. Galeries Rogier	†75
Canada	
MEPC Canadian Properties Limited	66
France	
MEPC S.A.	100
La Maison de Suede S.A.	†79
Ireland	
MEPC Ireland Limited	90
Luxembourg	
Europäische Bautrager und Wirtschaftsgesellschaft AG	†65
Netherlands	
Metropolitan Estate and Property International NV.	100
United States	
MEPC American Properties Inc.	89*
MEPC Hawaii Limited	94*
MEPC Kahala Limited	94*
Rhodesia	
London County Properties of Rhodesia (PVT) Limited	100
Zambia	
London County Properties of Africa Limited	100

*Ordinary capital held in whole or part other than by MEPC Limited.

†The accounts of companies marked † above have been included in the group accounts at accounting dates varying from 30 June 1974 to 31 August 1974.

